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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 20 September 1977      CG NIDC 77/219C



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National Intelligence Daily Cable for Tuesday, 20 September 1977.

The NID Cable is for the purpose of informing senior US officials.

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#### EC-SPAIN: Membership

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*[redacted] //One potential dispute at today's EC Council discussion of Spain's application for membership in the EC appears to have been prevented. France has apparently backed off after having considered stipulating that negotiations on Madrid's membership could not begin until the Community had solved agricultural and institutional problems related to Spanish accession.//*

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*[redacted] //Negative reactions from several EC members apparently persuaded France to back down, according to a Commission official. A compromise, urged by the British, would have the Council accompany its acknowledgment of the Spanish application with a call for agricultural and institutional reforms during the membership negotiations.//*

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[ ] //The language circulated last week in a draft declaration by France calling for the delay was evidently intended to make good on President Giscard's pledge that French interests would be protected from any adverse effects of EC enlargement.//

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[ ] //The Commission was concerned that such a declaration would prejudice the Commission's own opinion, although the Commission is fully aware of the potential dangers of enlargement to the EC and presumably intends to spell them out. In fact, during an informal conclave over the weekend, the Commissioners reportedly agreed that more movement toward political, economic, and monetary union is an essential "prerequisite" to enlargement.//

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[ ] //The other member states, also concerned about the effects of enlargement, nonetheless are extremely wary of appearing to rebuff the candidates; Community membership is seen as having beneficial effects on the fledgling democracies in Spain, Portugal, and Greece. France's partners apparently viewed the French tactic as a gratuitous slap at Spain and potentially quite damaging to the Suarez government.//

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[ ] //Any EC delay in accepting Spain's bid could add to Prime Minister Suarez' domestic problems. All major Spanish political parties support the bid to join the EC, but the Suarez government is identified with the current initiative and could be accused by the opposition of exposing Spain to humiliation by applying too soon. In addition to discomfiting Suarez and his centrist party during the approach of important municipal elections to be held in Spain before the end of the year, a setback could also strengthen extremists of both left and right who oppose closer ties to West European institutions.//

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#### WESTERN EUROPE: Nuclear Energy Policy

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[ ] //West European nations face strong Soviet criticism of their nuclear policies at two meetings in Europe this week. At a meeting of the London Suppliers' Group, which convenes today to review guidelines it has established for nuclear exports, the Soviets will press France to agree to make full-scope safeguards in a recipient country a condition for supplying it with nuclear materials or equipment.//

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[ ] //The Soviets plan to attack Euratom in an International Atomic Energy Agency conference in Vienna on Friday for failing to bring into effect the IAEA-Euratom safeguards agreement. Also at the IAEA, the Soviets intend to warn South Africa against undertaking any nuclear test, implicitly raising the issue of West European involvement in South Africa's nuclear programs.//

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[ ] //In the London Suppliers' Group, France has rejected a proposal that would require recipients of nuclear materials or equipment to accept full-scope safeguards on all their nuclear programs. West Germany has in effect supported France by remaining noncommittal on the question. The USSR argues that France should now be susceptible to pressure on the safeguards issue because it has recently stressed its commitment to nonproliferation and disarmament. The Soviets have in fact threatened to quit the Suppliers' Group if the French again reject full-scope safeguards guidelines.//

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[ ] //France now asserts that the London Suppliers' Group should be disbanded because the French believe that its original objectives have been fulfilled and that the focus of global interest in nuclear energy and nonproliferation should shift to the International Nuclear Fuel Cycle Evaluation. During the latter process--scheduled to open with an organizing meeting of some 35 countries in mid-October in Washington--the West Europeans hope to ward off what they view as US and Canadian efforts to restrain West European nuclear programs. France wants to protect its interest in nuclear fuel reprocessing by serving as the "lead" country on that topic.//

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[ ] //At the IAEA Board of Governors meeting in Vienna, the Soviets intend to attack the Euratom countries for their failure to conclude arrangements with the IAEA for applying safeguards on their nuclear installations.//

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[ ] //The West Europeans are struggling to preserve some autonomy for Euratom's safeguards, which they believe was acknowledged in the original IAEA-Euratom agreement of 1973. They believe the IAEA should simply "verify" Euratom safeguards, while IAEA officials now press for an "independent" safeguards role. The EC Commission will present to the EC foreign ministers today a compromise proposal that goes far toward meeting IAEA demands, but the ministers' approval is uncertain.//

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[redacted] //Euratom countries fear that US nuclear export legislation may sharply restrict their supplies of enriched uranium from the US. Cut off from Canadian natural uranium supplies since December and apprehensive about Australia's future uranium export policies, the West Europeans have turned to South Africa for some uranium and are trying to develop other sources. They also hope to conserve uranium through the use of fast breeder reactors and fuel reprocessing, but believe that these programs as well as their own nuclear export policies are threatened by US and Soviet pressures. [redacted]

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GREECE: Parliamentary Elections

25X1 [ ] //The Greek Government yesterday announced that parliamentary elections will be held on 20 November, a year ahead of schedule. Prime Minister Caramanlis had been leaning toward holding elections next year as yet another means of reinforcing Greece's still fragile democracy. The desire to cash in on the prospering economy, the disarray of the opposition, and the need to secure an electoral verdict before politically risky foreign policy decisions are made on relations with the US, the EC, and Turkey apparently persuaded him otherwise.//

25X1 [ ] //Caramanlis' popularity, together with a reinforced proportional electoral system favoring large parties, will ensure that he will remain in power. Indeed, his party could receive as little as 41 percent of the vote and still win a majority of the seats. In 1974, Caramanlis' right-of-center New Democracy Party won 220 of the 300 seats in parliament with 54 percent of the popular vote.//

25X1 [ ] //The opposition for the most part does not welcome early elections. The most that any of the parties can hope for is to finish a distant second, and the electoral system could keep some of the smaller parties out of parliament entirely.//

25X1 [ ] //There is some speculation that radical leftist Andreas Papandreou's Panhellenic Socialist Movement might replace George Mavros' Union of the Democratic Center, which received 20 percent of the vote and 60 seats in 1974, as the main opposition party. The Union has a number of prominent leaders with well-established patronage networks in various parts of the country, however, and Papandreou's youthful but less well-known colleagues will find it difficult to compete with them.//

25X1 [ ] //The newly formed Neo-Liberal Party of Constantine Mitsotakis will also be competing for the centrist vote as well as for those conservatives and monarchists disenchanted with Caramanlis' policies. Both Papandreou and Mitsotakis see this election merely as a prelude to a more concerted bid for power in the post-Caramanlis era.//

25X1 [ ] //The three Communist parties, which together secured only 9 percent of the vote and eight seats in 1974, will be struggling just to retain their parliamentary seats. Many of

the opposition parties may, in fact, form temporary alliances to cope with the electoral system's bias against small parties.

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FRANCE: Left Alliance

25X1 [ ] //Leaders of France's troubled Left Alliance have agreed to resume negotiations tomorrow on updating their Common Program for Governing. The Left Radicals, who broke off negotiations last Wednesday because they thought Communist proposals on further nationalizations went too far, want to remain in the Alliance. They, along with their Socialist and Communist allies, are anxious to paper over disagreements in order to avoid hurting the Alliance's chances at the polls next March. Talks among the three Alliance parties nonetheless are likely to be complicated.//

25X1 [ ] //Socialist and Left Radical representatives who met last weekend with their Communist counterparts believe the Communists are genuinely anxious to get the negotiations restarted and are prepared to compromise on the number of industries and subsidiaries to be nationalized, as well as on the retention of a clause in the program that would allow workers to ask that their company be nationalized. There has been no public indication of compromises the Communists are willing to make.//

25X1 [ ] //A poll taken in the first week of September, before the summit meeting of the Left Alliance broke up, indicated that the persistent squabbling over the past few months in both the Left Alliance and the governing coalition has not led most voters to change their party preferences. A small but crucial number remain undecided, however, and this group--less than 7 percent of the electorate--might be influenced by the spectacle of disunity. [ ]

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25X1 [ ] //The Left Radicals, who expect to poll a crucial 3 to 4 percent of the vote, have turned down a government offer to give the party cabinet posts if it would leave the Left Alliance. They have also refused an appeal by Radical Socialist Edgar Faure to rejoin the Radical splinter group that is now part of the governing coalition.//

25X1 [ ] //The Left Radicals' gesture at the talks was probably intended in part to get the Socialists to take them

more seriously. The party wants the Socialists to give it enough safe constituencies to assure an autonomous Left Radical group in the assembly--30 elected deputies. The Socialists believe that they can give the Left Radicals only about 20 sure seats, including the 13 they hold now. Some Left Radicals have been threatening to run against Socialists in the first round if no effort is made to give them more seats.//

25X1 [redacted] //Even if a new agreement is reached, there is no assurance that the Communists will halt the anti-Socialist campaign they have been conducting. They are concerned about seeking additional votes as well as keeping their own rank and file in line, and may think it will help to keep up pressure on the Socialists, even in a milder form, right up to the first round of the election next March. [redacted]

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POLAND: Agricultural Outlook

[ ] Poland's harvest outlook has been further depressed by continued unfavorable weather. As a result, officials fear the resumption of consumer panic buying of such staples as flour, rice, and cereals, similar to that which occurred in late August. A recent speech by Premier Jaroszewicz reportedly was edited to remove a vague pledge to attempt to maintain adequate food supplies; a categorical assurance was substituted. To make up for the likely shortfall in the harvest of grain and potatoes, Warsaw probably will press Moscow for additional grain and is seeking further credits for grain imports from the US.

[ ] Shortfalls are likely this autumn in the output of grain, fruits, vegetables, and potatoes because of the continued cool, cloudy, and rainy weather. Late last month, reports of harvest problems caused by rains and floods set off a buying spree that cleared the shelves of staples in many stores. Although Polish officials contend that food supplies will be adequate, they complain of difficulty in allaying consumer doubts. Officials are fearful that continued reports about a poor harvest will cause another run on the stores and turn an uneasy economic balance into a political crisis.

[ ] We estimate that 1977 grain output will be about 20 million tons--nearly 2 million tons less than officials had anticipated and almost 1 million tons less than last year's output. The milling and breadmaking quality of some of the grain has been adversely affected by the wet harvesting conditions. The wet weather also has hit the potato crop--an important source of feed for hogs--particularly hard. The Polish press recently reported that potato blight is spreading. In past years when blight was a problem, the disease reduced the potato crop between 10 and 30 percent.

[ ] Because of the unfavorable harvest outlook, we expect grain import needs in the fiscal year ending 30 June 1978 to be between 6 million and 7 million tons, compared with imports

of about 6 million tons last year. Imports of oilseed meal may exceed last year's purchases of about 1.1 million tons. Aside from bread-quality wheat, the composition of imports of grain and fodder for livestock will be determined largely by prices and availability of credits.

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[ ] Polish officials expect the USSR to supply 1 million to 1.5 million tons of grain; they probably will press Moscow for more. According to the Polish Ambassador to the US, anticipated purchases of US grain will total 4 million tons. Poland has applied for \$300 million in Commodity Credit Corporation credits, which would cover 3 million tons. So far, \$150 million in credits have been approved, including \$135 million for about 1.5 million tons of grain. Purchases of grain on credit are also likely from Canada and France.

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[ ] Record imports of grain and feed are needed if Poland is to prevent setbacks to its livestock program. Warsaw has been able to rebuild animal holdings somewhat since livestock numbers tumbled in early 1976, but meat remains scarce and significant increases in production are not expected before mid-1978. Shortages of fruit, vegetables, and potatoes will compound consumer dissatisfaction. [ ]

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#### BRIEFS

##### USSR

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[ ] The new Soviet Constitution is scheduled to be adopted at a session of the USSR Supreme Soviet that will open on 4 October and will meet for at least four days [ ]

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[ ] A party Central Committee plenum is expected to convene on 3 October to put its seal of approval on the proceedings. The Soviet press this summer has carried a variety of proposals for amending the draft, and some minor changes may be adopted at the Supreme Soviet session. [ ]

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##### Brazil

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[ ] The Brazilian Government yesterday renounced its remaining military accords with the US--an action which will

abolish the joint defense commission that has coordinated bilateral military relations since 1952 and a separate navy commission. A total of 47 US personnel are involved.

25X1' [ ] No specific reason was given for the move, but relations have remained cool since March, when Brazil rejected US military assistance because it was tied to the Brazilian record on human rights. There have been press reports for the past two months that the government was contemplating further action to express irritation over what it sees as continuing US interference in its internal affairs with regard to human rights and nuclear development. [ ] 25X1

#### Jamaica

25X1 [ ] D. K. Duncan, the leading radical in Jamaica's ruling People's National Party, on Sunday resigned his positions as Minister of National Mobilization and as party general secretary. Prime Minister Michael Manley has assumed the ministry portfolio, while Ralph Brown, Minister of Local Government and a prominent moderate, has succeeded as general secretary.

25X1 [ ] Duncan's resignation comes in the wake of a setback for the radicals at the party's annual conference earlier this month, but US Embassy sources indicate that a breakdown in his physical and possibly his mental health might also have been a factor. The departure of Duncan deprives the party's left wing of an important leader and will probably contribute to the further decline of radical influence. [ ] 25X1

#### Nicaragua

25X1 [ ] President Anastasio Somoza lifted martial law in Nicaragua yesterday. Martial law was decreed three years ago following an urban terrorist attack in which a cabinet minister was killed; it was imposed largely to facilitate the capture and court-martial of members of the terrorist group. The group leaders who are in custody apparently have already been sentenced. Somoza announced that the remaining defendants would be turned over to the civil courts.

25X1 [ ] Somoza announced the end of martial law on nationwide radio and television in his first public appearance since his return from Miami, where he was treated for a heart attack. [ ] 25X1



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